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SUBJECT: MEDIA REACTION; VENEZUELAN HUGO CHAVEZ NOT ATTENDING  
MERCOSUR PRESIDENTIAL SUMMIT; US-SINO-LATIN AMERICAN TIES; 06/21/07

#### 1. SUMMARY STATEMENT

Local papers lead with Venezuelan President Hugo Chavez's decision not to attend the Asuncion Mercosur presidential summit; and the implications of Chinese and Indian corporations and governments' reinvigorated ties to Latin and Central America.

#### 2. OPINION PIECES AND EDITORIALS

- "Without any formal notification whatsoever, Chavez cancels his trip to the Asuncion Mercosur summit"

Eleonora Gosman, Sao Paulo-based correspondent for leading "Clarín," writes (06/21) "Venezuelan Hugo Chavez will not attend the Mercosur summit in Asuncion... It is the first time he will miss a Mercosur summit since Venezuela formally asked to enter the bloc in December 2005. The reason for Chavez not attending the summit is that he will visit Russia to buy armaments..."

"... In the view of Buenos Aires diplomats working with Mercosur, this will fundamentally be 'a political sign of discontent vis-à-vis Venezuela's inability to impose on Mercosur a logic that is different from that of the bloc.' The same sources underscored that 'Chavez needs to be surrounded rather than isolated. However, sometimes governments cannot avoid a certain degree of arrogance.'"

- "Caracas' back and forth moves"

Leading "Clarín" (06/21) carries an opinion piece by its columnist Pablo Ceron, who writes "Hugo Chavez will purchase weapons from Moscow on June 28 while his regional counterparts will gather in Asuncion at a new Mercosur summit."

"... At the very least, it is striking that the controversial Venezuelan president is missing the regional summit following a number of disagreements with the Brazilian Congress due to the closure of a Venezuelan opposed TV channel."

"Yesterday, Chavez conveyed a possible reason when he said that his country is not desperate to enter Mercosur."

"His decision could be understood as a way to put pressure on Mercosur to speed up Venezuela's entry into the bloc. Or perhaps it is a new arm-wrestling with Brazil, with whom he competes for influence in the region."

- "China and India make progress in Latin America"

Leading "Clarín" carries an op-ed piece by Sergio Cesarin, political analyst (Universidad Di Tella) and researcher at CONICET (Consejo Nacional de Investigaciones Científicas y Técnicas) (National

Council on Scientific and Technical Research), who opines (06/21)  
"The recent establishment of diplomatic ties between Costa Rica and China after 61 years of Taiwan-Costa Rican ties is a political and diplomatic move with a number of impacts for the region and hemisphere.

"First and foremost, it reasserts the fact that Latin America is the main field of confrontation between China and Taiwan in their unresolved confrontation over reunification...

"Secondly, it reaffirms China's unwavering reunification goal by combining political, economic, and military resources in order to increase Taiwan's international isolation. China is breaking the 'bloc diplomacy' adopted by Central American countries regarding Taiwan.

"Third, it underscores the importance of economic players in this subtle diplomatic chess game...

"Fourth, the end of the cycle is also due to the shortfalls typical of a disturbed Taiwan...

"Finally, we could wonder how relevant this scenario is for the US as long as it demonstrates the success of a Chinese political operation in an economic field that relies on US markets through an FTA and that is geopolitically sensitive to US security interests.

"... Chinese VP Wu Yi's trip to the US reaffirmed the importance of the US-Sino strategic relationship. Some of its aspects can be seen in the ties between China and Latin America...

"However, China is not alone and this is good news for us. India, the second largest populated country in the world and the second largest economic power in the developing world, is also deploying a strategy focused on a rapprochement with Latin America.

"In this framework, Latin and Central America seem to be in the focus of the global strategies implemented by Chinese and Indian corporations and governments in their search for new markets, access to raw materials and exports of services. Perhaps, more important than this is the game of interests both countries are playing in aligning or not with the US."

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